

OFFICIAL FILE
ILLINOIS COMMERCE COMMISSION

ORIGINAL

Docket No. 00-0732
ICC Office Use Only

Please provide the appropriate information in the () areas in the heading below.

Talk America Inc. :
Application to Amend its certificate to :
to operate as a Facilities-Based carrier of :
Local and Long Distance telecommunications :
services statewide in State of Illinois. :

Amended

**APPLICATION FOR CERTIFICATE TO BECOME A
TELECOMMUNICATIONS CARRIER**
(Use additional sheets as necessary.)

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ILLINOIS
COMMERCE COMMISSION

GENERAL

1. Applicant's Name(including d/b/a, if any) FEIN # 23-2585700
Talk America Inc.
Address: Street 6608 Route 202
City New Hope State/Zip Pennsylvania 18938
2. Authority Requested: (Mark all that apply) Y 13-403 Facilities Based Interexchange
13-404 Resale of Local and/or Interexchange¹
Y 13-405 Facilities Based Local
3. Request for waivers/variances: In applications for local exchange service authority under Sections 13-404 or 13-405, waivers of Part 710 and of Section 735.180 of Part 735 are generally requested. In applications for interexchange service authority under Sections 13-403 and 13-404, waivers of Part 710 and Part 735 are generally requested. Please indicate which waivers Applicant is requesting and explain why Applicant is requesting each waiver/variance.
Y Part 710 Uniform System of Accounts for Telecommunications Carriers

1 Applicant already has the authority to operate in the State of Illinois as a reseller of local and long distance services. Applicant was authorized to provide resold long distance services in the State of Illinois in Docket 95-0447, dated December 20, 1995 in the name of Tel-Save, Inc. d/b/a Network Services of New Hope and also d/b/a The Phone Company. Applicant was authorized to provide resold local exchange services on September 12, 1997 in Docket 97-0172 in the name of Tel-Save, Inc. d/b/a Network Services of New Hope and also d/b/a The Phone Company. Applicant wishes to make clear its desire to retain this existing resale authority, in addition to the facilities-based authority requested herein.

____ Part 735 Procedures Governing the Establishment of Credit, Billing, Deposits, Termination of Service and Issuance of Telephone Directories for Local Exchange Telecommunications Carriers in the State of Illinois

Y Section 735.180 Directories

Y Other

Applicant seeks a waiver of Part 710 Uniform System of Accounts ("USOA") for Telecommunications Carriers because the Company currently maintains a single set of its books and records according to the Generally Accepted Accounting Principles ("GAAP"). Accordingly, Applicant requests the waiver to avoid the burdens associated with maintaining two sets of books. USOA was designed for an older form of rate base regulation that has little value in a telecommunications environment. Moreover, for companies other than ILECs, GAAP is a standard accounting method that provides sufficient detail for easy comparison between telecommunications companies. Applicant understands that a waiver of this requirement will not excuse it from compliance with future Commission rules or amendment of Part 710 that are otherwise applicable to the company.

Applicant seeks a waiver of Part 735.180 to the extent that it will contract with the underlying incumbent LEC for the provision of directory listings. Applicant understands that, failing this agreement, it is responsible for the provision of directory publications.

Finally, Applicant seeks a waiver of ILL. ADMIN. CODE tit. 83 § 250.10, which requires public utilities to keep books, accounts, records and memoranda within the State of Illinois. Applicant maintains its books and records at its national headquarters in New Hope, Pennsylvania. Should it be necessary for the Commission to have access those books and records, Applicant will facilitate such access expeditiously and at its own expense.

4. For all applicants requesting local exchange authority under Section 13-404 or Section 13-405, please complete the following:
- (a) the Standard Questions for Applicants Seeking Local Exchange Service Authority found in Appendix A of this document
 - (b) the 9-1-1 Questions for Applicants Seeking Local Exchange Service Authority found in Appendix B of this document;
 - (c) the Financial Questions for Applicants Seeking Local Exchange Service Authority found in Appendix C of this document; and
 - (d) if applicable, the Prepaid Service Questions for Applicants Seeking Local Exchange Service Authority found in Appendix D of this document.
5. In what area of the state does the Applicant propose to provide service?

The Applicant currently offers resold long distance services, including intraLATA service, throughout the State of Illinois. Initial marketing efforts to offer facilities-based services will be targeted to customers in locations currently served by Ameritech throughout the State.

6. Please attach a sheet designating contact persons to work with Staff on the following:

- a) issues related to processing this application
- b) consumer issues
- c) customer complaint resolution
- d) technical and service quality issues

- e) "tariff" and pricing issues
- f) 9-1-1 issues
- g) security/law enforcement

Please identify each contact person's (i) name, (ii) title, (iii) mailing address, (iv) telephone number, (v) facsimile number, and (vi) e-mail address.

The contact person for all of the above-mentioned areas is Sharon Thomas, Director of Regulatory for Talk America. Ms. Thomas can be reached at: 12001 Science Center Drive, Suite 130, Orlando, FL 328261, (407) 313-1353 (tel) (405) 658-6312 (fax), Sthomas@talk.com.

7. Please check type of organization?

☐ Individual ☒ Corporation
☐ Partnership Date corporation was formed: May 17, 1989
☐ Other (Specify) In what state? Pennsylvania

8. Submit a copy of articles of incorporation and a copy of certificate of authority to transact business in Illinois.

Please see Attachment 1.

9. List jurisdictions in which Applicant is offering service(s).

Applicant is authorized to provide resold long distance service in all states except Alaska. Applicant or its affiliate, Access One Communications, Inc. ("Access One"), is authorized to provide resold local exchange service in all states except Alaska, Mississippi, Minnesota, Nebraska and Vermont. Applicant and/or its affiliate, Access One, offers facilities-based local exchange services in Alabama, California, Florida, Georgia, Kentucky, Louisiana, Michigan, New York, North Carolina, Pennsylvania, South Carolina and Texas.

Applicant was authorized to provide resold long distance services in the State of Illinois in Docket 95-0447, dated December 20, 1995 in the name of Tel-Save, Inc. d/b/a Network Services of New Hope and also d/b/a The Phone Company. Applicant was authorized to provide resold local exchange services on September 12, 1997 in Docket 97-0172 in the name of Tel-Save, Inc. d/b/a Network Services of New Hope and also d/b/a The Phone Company. On August 26, 1999, a name change notification was filed for both certifications in the name of Talk.com Holding Corp. d/b/a Network Services of New Hope and also d/b/a The Phone Company.

10. Has the Applicant, or any principal in Applicant, been denied a Certificate of Service or had its certification revoked or suspended in any jurisdiction in this or another name?

☐ YES (Please provide details) ☒ NO

11. Have there been any complaints or judgements levied against the Applicant in any other jurisdiction? ☒ YES ☐ NO

If YES, describe fully. Like most telecommunications companies that have been in the business of providing telecommunications service to customers for more than a twelve (12) year period, Talk America has received complaints from customers in the jurisdictions in which it has provided service. Appended hereto as Attachment 2 is a chart that provides a breakdown, on a state-by-state and individual agency basis, of the numbers of consumer complaints that the Company has received in the past two (2) years in response to the Company's service offerings. The Company has entered

into several settlements but as of the date of this filing has had no judgements levied against it in any other jurisdiction by any regulatory or consumer agency.

12. Has Applicant provided service under any other name?

Y YES NO

If YES, please list On May 17, 1989, Tel-Save, Inc. ("Tel-Save") was incorporated in the State of Pennsylvania as a close corporation for purposes of reselling long distance services throughout the United States. Applicant was certificated in the State of Illinois to provide resold long distance service in 1996 as Tel-Save, Inc. d/b/a Network Services of New Hope.

On May 21, 1999, Tel-Save changed its name to Talk.com Holding Corp. ("Talk.com"). That same year, the holding company parent of Talk.com, Tel-Save Holdings, changed its name to Talk.com, Inc. On April 9, 2001, Talk.com, Inc., the parent company, changed its name to Talk America Holdings, Inc. Subsequently, on April 11, 2001, Talk.com Holding Corp., the operating subsidiary, changed its name to Talk America Inc. The ICC was notified of this name change on June 15, 2001. These name changes were conducted to effect an internal corporate restructuring that began in the summer of 2000 with the acquisition of Access One and to reflect the Company's goal to provide bundled telecommunications services to residential customers coast-to-coast.

The Applicant's parent company, Talk America Holdings, Inc. ("Talk America Holdings"), has offered services in certain states since May of 2000 through its wholly-owned subsidiary, Access One. Talk America Holdings also has marketed interexchange service at times throughout its 12 year history through various third party resellers including: Network Services, American Business Alliance, Group Savings Plan, Group Long Distance and TNI. However, as of September 2000, it is no longer the Company's practice to use third party resellers for the marketing of its long distance services. Accordingly, none of these resellers market Talk America's services to new customers, although Talk America continues to provide service to customers signed up these entities.

13. Will the Applicant keep its books and records in Illinois? YES Y NO

If NO, permission pursuant to 83 Ill. Adm Code Part 250 needs to be requested.

Applicant seeks permission as anticipated in 83 Ill. Admin. Code, Part 250 to maintain its books and records outside the State of Illinois. Applicant maintains its books and records at its national headquarters in New Hope, Pennsylvania. Permission to do so was granted by the Illinois Commerce Commission in the Order approving the Applicant's local and long distance resale applications in 1995 and 1997 (please see note 1, *supra*). In case it should be necessary for the Illinois Commerce Commission to have access to the Applicant's books and records, Talk America will facilitate that access at its own expense.

MANAGERIAL

14. Please attach evidence of the applicant's managerial and technical resources and ability to provide service. This may be in either narrative form, resumes of key personnel, or a combination of these forms.

Please see Attachment 3.

15. List officers of Applicant.

Please see Attachment 4.

16. Does any officer of Applicant have an ownership or other interest in any other entity which has provided or is currently providing telecommunications services? ☐ YES ☒ NO

If YES, list entity. _____

17. How will Applicant bill for its service(s)? (At a minimum, describe how often the Applicant will bill for service and details of the billing statement.)

Applicant will bill customers direct for its services on a monthly basis. All billing statements will list the Applicant's name, address and customer service toll free telephone number for customer inquiries or concerns.

18. How does Applicant propose to handle service, billing, and repair complaints? (At a minimum, describe Applicant's internal process for complaint resolution, the complaint escalation process, the timeframe and process by which the customer is notified by Applicant that they may seek assistance from the Commission?)

Complaints may be reported by the customer via the Applicant's toll free telephone number, 888-825-5264. This number or a comparable number will appear on the customer's bill. Customers may contact this number 24 hours a day, 7 days per week for service or billing questions or concerns.

Applicant will be directly responsible for all customer service and billing inquiries and complaints. A flow chart depicting the Company's internal complaint resolution process is appended hereto as Attachment 5. See also Talk America Regulatory Department Complaint Processes and Policies, an internal handbook recently prepared by the Company that includes the Company's complaint resolution policies and procedures, which is appended hereto as Attachment 6, filed under seal

19. Will personnel be available at Applicant's business office during regular working hours to respond to inquiries about service or billing? ☒ YES ☐ NO

20. What telephone number(s) would a customer use to contact your company?

1-888-825-5264

21. Will Applicant abide by all Federal and State slamming and cramming laws pursuant to Section 13-902 of the Public Utilities Act and Section 258 of the 1996 Telecommunications Act?

☒ YES ☐ NO

22. Please describe applicant's procedures to prevent slamming and cramming of customers?

Applicant complies with all presubscribed interexchange carrier change rules promulgated by the FCC and all relevant state slamming and cramming requirements. The Company employs a strict, zero-tolerance policy toward slamming, cramming, misrepresentation and any other conduct that violates any applicable law.

Talk America has implemented number of policies to ensure strict enforcement of its customer verification procedures and swift policing action of any violations of these procedures. First, Talk America remotely monitors its telemarketing staff to ensure full compliance with its established

verification procedures and policies regarding the solicitation of customers and the unauthorized transfer of service. On November 1, 2000, the Company established an internal monitoring group, responsible for the remote and random monitoring of all telemarketing calls. This group of thirty (30) individuals monitors both internal and third party telemarketers on a random and anonymous basis, in order to ensure the accuracy and validity of Talk America's customer verifications and the full compliance of its telemarketers with state and federal slamming requirements. The Company affords the same scrutiny to all of its direct mail and on-line promotional campaigns.

Second, the Company has consolidated its regulatory department for purposes of reviewing and approving all sales material, including sales and verification scripts and direct mail and promotional materials, to ensure compliance with all applicable laws. To assist in this process, last Spring the Company hired a Director of Regulatory Affairs with seven (7) years experience with the Nevada PUC. The Company has established these centralized groups to ensure strict enforcement of the Company's zero-tolerance policy and to ensure uniform and expeditious Company responses to customer complaints and a heightened awareness of potential verification problems.

Third, on an ongoing basis, Talk America's regulatory department reviews its telemarketing and verification scripts to ensure full compliance with federal and state rules regarding the solicitation of customers and the unauthorized transfer of service. The Company affords the same scrutiny to all of its direct mail and on-line promotional campaigns

Fourth, the Company strictly enforces its zero tolerance policy. Any employee or independent contractor who violates Talk America's zero-tolerance policy is immediately terminated. All independent contractors (telemarketers and third party verification ("TPV") entities) have been notified of this zero-tolerance practice. All direct agents of the Company receive extensive training and monitoring in the Company's compliance procedures and have been separately notified of the zero-tolerance policy. In October, 2000, the Company terminated its relationship with its former telemarketing agent, Traffix (formerly known as Quintel Corporation) due to its belief that the agent engaged in unauthorized marketing promotions and practices. The Company currently is engaged in arbitration with Traffix over its termination and Talk America's related counter-claims.

The Applicant also has recently completed additional efforts to prevent slamming. First, it created a comprehensive sales training manual, which it has distributed to all of its telemarketing agents and employees to provide them with centralized information, including the Company's zero-tolerance policy against slamming and the complaint resolution process with which all of Talk America's sales and customer service personnel must comply. The Company's training manuals and related materials are now available to its personnel online for ease of distribution and modification. Moreover, the Company also has implemented an improved company-wide monitoring and tracking system for customer complaints, which it utilizes to adhere to the FCC's new requirements for reporting the number of slamming complaints each carrier receives throughout the calendar year. This system tracks and reports the number of slamming complaints received by the Company; the number of slamming complaints investigated by the Company and found to be valid; and the number of slamming complaints involving local, intrastate and interstate interexchange services, whether investigated or not, that the Company has chosen to resolve with the customer. Prior to the completion of this system in June 2001, the Company manually tracked all slamming complaints, in full accordance with the FCC's rules.

Finally, the Applicant recently completed an internal handbook, *Talk America Regulatory Department Complaint Processes and Policies*, which includes the Company's slamming and cramming prevention policies and procedures. Please see *Attachment 6*, which is being filed *under seal*.

23. If granted authority to operate as a local exchange carrier, will the applicant abide by the following 83 Illinois Administrative Code Parts: 705, 710, 720, 725, 730, 735, 755, 756, 757, 770,

and 772? Y YES _____ NO (If no, please provide an explanation.)

24. Is Applicant aware that it must file tariffs prior to providing service in Illinois?

Y YES _____ NO

FINANCIAL

25. Please attach evidence of Applicant's financial fitness through the submission of its most current income statement and balance sheet, or other appropriate documentation of applicant's financial resources and ability to provide service.

Please see Attachment 7.

TECHNICAL

26. Does Applicant utilize its own equipment and/or facilities? _____ YES Y NO

If YES, please list the facilities Applicant intends to utilize. Also include evidence that Applicant possesses the necessary technical resources to deploy and maintain said facilities:

If NO, which facility provider(s) services does the Applicant intend to use?

However, for local exchange services, the Company initially will use unbundled network elements and switching facilities provided by the ILEC, Ameritech Illinois, under an unbundled network platform ("UNE-P") arrangement. Eventually, the Company may move to its own facilities-based network, through which it will serve its customers in Illinois may be served via UNE facilities connected to a Company-provided switch.

27. Please describe the nature of service to be provided (e.g., operator services, internet, debit cards, long distance service, data services, local service, prepaid local service).

Applicant intends to offer both local and long distance services to primarily residential customers in Illinois. These services will include: basic local dial-tone service, PBX trunk service, direct inward dialing, optional calling features and listing services, as well as in- and outbound long distance services utilizing switched and dedicated access. Switched access will be available on a presubscribed basis from equal access originating end offices. Applicant also will offer operator-assisted services and access to 911 services. All services will be available 24 hours a day/7 days per week.

Applicant will offer bundled packages of long distance service and local service, and member-to-member calling discounts that offer economical calling and simplified billing for residential customers. Applicant intends to offer these same services to customers via an unbundled network element platform ("UNE-P"). Applicant's services will be similar to those offered by the ILEC, Ameritech Illinois, and to those offered by Applicant in all states in which it operates.

28. Will technical personnel be available at all times to assist customers with service problems?

Y YES _____ NO

29. If Applicant intends to provide payphone service, will the equipment utilized comply with FCC requirements and Finding (9) of the Commission Order entered in Docket No. 84-0442 on June 11, 1986, including, but not limited to: (a) touch dialing; (b) access to 9-1-1 and "0" operator dialing without use of a coin; (c) rules governing use of payphones by disabled persons; (d) ability to complete local and long-distance calls; (e) unlimited duration for local calls; and (f) a message explaining the telephone's general operations, dialing instructions for emergency assistance, payphone owner's name, method of reporting service problems and method of receiving credit for faulty calls? _____ YES _____ X _____ NO

At this time, Applicant proposes not to provide its own payphone service. Should the Applicant in the future decide to offer to pay telephone service to customer-owned, coin operated providers, Applicant will comply with FCC and Commission requirements for COPT phones.



Francie McComb
Associate General Counsel
Talk America, Inc.

VERIFICATION

This application shall be verified under oath.

OATH

State of Pennsylvania)
County of Bucks) ss

Francie McComb makes this oath and says that she is Associate General Counsel of Talk America Inc., that she has examined the foregoing Application and that to the best of her knowledge, information, and belief, all statements of fact contained in the said Application are true, and that the Application is a correct statement of the business and affairs of the above-named Applicant in respect to each and every matter set forth therein.



Francie McComb
Associate General Counsel
Talk America Inc.

Subscribed and sworn to before me, a Notary Public/

_____ of person authorized to administer oaths)

(Title

in the State and County above named, this 17th day of August, 2001


(Signature of person authorized to administer oath)